Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Bridging the Digital Divide for Low-Income Consumers	)	WC Docket No. 17-287
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Telecommunications Carriers Eligible for Universal Service Support	)	WC Docket No. 09-197
	)	

REPLY COMMENTS OF
THE UNITED STATES TELECOM ASSOCIATION

The USTelecom Association[1] submits these reply comments in response to the Notice of Proposed Rulemaking (Notice)[2] issued by the Federal Communications Commission (Commission) proposing further reforms to its Lifeline program. USTelecom continues to support the Commission's efforts to reform the Lifeline program in a comprehensive and deliberate manner. USTelecom supports many of the comments and recommendations from various stakeholders in this proceeding that call for greater efficiencies in the Lifeline program through streamlining and centralizing the program's administrative frameworks.

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[1] USTelecom is the premier trade association representing service providers and suppliers for the telecom industry. Its diverse member base ranges from large publicly traded communications corporations to small companies and cooperatives – all providing advanced communications service to both urban and rural markets.

[2] Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and order, Notice of Proposed Rulemaking, and Notice of Inquiry, *Bridging the Digital Divide for Low-Income Consumers*, 32 FCC Rcd 10475, FCC 17-155 (released December 1, 2017) (*Notice*).

For example, multiple commenters agreed with USTelecom that rather than repurpose the Lifeline program to address broadband deployment challenges, the Commission should continue to foster its intended role as an affordability program designed to meet the unique needs of low-income consumers.[3] INCOMPAS, for example, shared USTelecom's view that the Lifeline program should continue to "focus on filling the affordability gap with reliable and affordable services for low-income Americans."[4] Verizon similarly observes that the "main purpose" of the Commission's Lifeline program is to "address affordability," and that the Commission "can more effectively foster broadband deployment with dedicated support from the high cost fund."[5]

Other parties similarly agreed that rather than repurpose the Lifeline program to address broadband deployment challenges, the Commission should instead continue to utilize the Connect America Fund (CAF) as the principal vehicle for encouraging the deployment of broadband facilities to unserved and under-served areas. For example, INCOMPAS stated that "both the Connect America Fund and the Mobility Fund are better avenues to encouraging broadband deployment and the creation of next generation networks in areas with no network."[6] CTIA provided detailed analysis showing how the inclusion of non-facilities based providers in the Lifeline program incents broadband deployment and further supports the economic foundation for Lifeline's role as an affordability program.[7]

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[3] *See*, USTelecom Comments, WC Docket No. 17-287, pp. 1 – 3 (submitted February 23, 2018).

[4] INCOMPAS Comments, WC Docket No. 17-287, p. 16 (submitted February 23, 2018) (*INCOMPAS Comments*).

[5] Verizon, WC Docket No. 17-287, p. 10 (submitted February 23, 2018) (*Verizon Comments*).

[6] *See, INCOMPAS Comments*.

[7] CTIA Comments, WC Docket No. 17-287, p. 3, pp. 10 – 21 (submitted February 23, 2018) (*CTIA*

Regarding the Commission's proposed reforms to its audit procedures, there was strong support for the Commission's proposal to move to purely risk-based audits for its Lifeline program, and to eliminate the biennial audit requirement. Multiple parties agreed with USTelecom that an appropriately structured audit framework will better target waste, fraud, and abuse in the program and would also utilize administrative resources more efficiently and effectively than in prior years. For example, Verizon agreed with the Commission's analysis in its Notice that shifting to a purely risk-based approach "will enable the Commission to 'target potential violations' and use a wider range of risk factors that 'would be more responsive to identified program risks.'"[8]

Several parties also discussed the substantial burdens and minimal benefits associated with the biennial audit requirements that warrant their elimination by the Commission. For example, SBI noted that since becoming an ETC seventeen years ago, the company "has been audited fifty (50) times, including thirty-three (33) Lifeline audits," and has "never been the subject of an audit that resulted in significant findings of noncompliance or liability."[9] SBI also emphasized an issue raised by other commenters in this proceeding regarding the cost benefit analysis associated with such audits. It observed that "returns diminish quickly and repetitive audits are not productive for either the [Commission] or a carrier. It is highly unlikely that in 33 Lifeline audits the Commission has recovered anywhere near the amount of public funds

Comments).

[8] *Verizon Comments*, p. 7 (referencing *Notice*, ¶ 86).

[9] Comments of Smith Bagley, Inc., WC Docket No. 17-287, p. 9 (submitted February 21, 2018) (*SBI Comments*).

expended in conducting these audits."[10]

A broad range of commenters also agreed that the Commission should not adopt a self-enforcing budget mechanism for the Lifeline program.[11] Multiple commenters agreed that while the Commission's goal of keeping disbursements at a responsible level and preventing undue burdens on ratepayers is laudable, adoption of a self-enforcing budget mechanism would be disruptive to consumers and providers. One commenter noted that the impact of such a mechanism on low-income consumers and Lifeline providers would be "quite significant."[12]

For example, various commenters noted that adoption of a budget could deter providers from participating and competing in the Lifeline program due to the uncertainty of whether support will be available to continue serving eligible low-income consumers. INCOMPAS observes that because Lifeline subsidies are disbursed on a monthly basis, it creates a "turbulent" environment that would make it difficult for the Commission to "forecast expected Lifeline and Link Up disbursements with consistent accuracy."[13] Sprint notes that providers would be "unable to operationalize what would amount to an entirely different business model." Sprint also shared the view expressed by other commenters that the "necessary changes would require complex and costly technological development and extensive customer notice and education."[14]

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[10] *SBI Comments*, p. 10.

[11] *Notice*, ¶¶ 104 – 110.

[12] Comments of Cox Communications, Inc., WC Docket No. 17-287, p. 9 (submitted February 21, 2018) (*Cox Comments*).

[13] *INCOMPAS Comments*, p. 14.

[14] Comments of Sprint Corporation, WC Docket No. 17-287, p. 6 (submitted February 21, 2018).

Low-income consumers, however, would bear the brunt of such a decision. CTIA for example, states that adoption of a cap could "put essential communications services out of reach for millions of eligible low-income consumers and create uncertainty for low-income families trying to live on very tight budgets," and would "unfairly preclude eligible low-income consumers from harnessing Lifeline to access essential communications services to meet their health, occupational or educational needs."[15]

USTelecom therefore encourages the Commission to defer further consideration of a self-enforcing budget mechanism until *after* the National Verifier is implemented. In this way, the improved tracking and controls associated with the National Verifier will provide the Commission with a more realistic picture of what Lifeline demand truly looks like. In particular, reduced and more stable administrative costs will likely minimize extreme fluctuations in forecasted amounts. This in turn will introduce greater certainty into the Lifeline marketplace, while also avoiding any likelihood of significant confusion.

Finally, commenters supported the Commission's proposal to eliminate its rule regarding notification to ETC customers about the digital television (DTV) transition, with Cox agreeing with USTelecom that the rule is "no longer relevant."[16] As the Commission acknowledges in the Notice, the DTV transition was completed in 2009, and the underlying need for rule section 54.418 – requiring ETCs to notify their customers about the transition – is no longer necessary.

See also, *Cox Comments*, p. 9 (noting that requiring providers to have the capability to provide a variable Lifeline benefit would "require costly changes to carrier billing systems in many instances.").

[15] *CTIA Comments*, p. 22.

[16] *Cox Comments*, p. 6.

Eliminating this unnecessary and outdated rule, would be consistent with ensuring regulatory clarity and would not be harmful to consumers.

USTelecom supports the Commission's efforts to reform the Lifeline program in a comprehensive and deliberate manner. Consistent with USTelecom's recommendations, the Commission should streamline and centralize administrative frameworks, and adopt appropriate regulatory reforms to the program.

Respectfully submitted,

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